



DEPARTMENT OF THE NAVY
OFFICE OF THE CHIEF OF NAVAL OPERATIONS
2000 NAVY PENTAGON
WASHINGTON, DC 20350-2000

OPNAVINST 4020.25B
N413D/1U591276
22 October 2001

OPNAV INSTRUCTION 4020.25B

From: Chief of Naval Operations

Subj: CONTROLLING AND ACCOUNTING FOR GROUND FUELS

Ref: (a) NAVSUP Manual Volume II

Encl: (1) Rules Comprising a Basic Inventory System

1. Purpose. To outline requirements for the proper management and accounting for ground fuels.

2. Cancellation. OPNAVINST 4020.25A

3. Background. Ground fuels are those fuels stored or used by naval activities for use in motor vehicles, material handling equipment and stationary power and heating equipment (including family housing). The high cost, the unique way these products are handled when compared to other supplies, and their susceptibility to theft require that commands establish and maintain proper management and accounting controls. Receipts, inventories, issues, and consumption must be thoroughly controlled and documented to provide strict accountability and reliable audit trails. These actions are required not only to prevent loss or theft, but to indicate when tanks may be leaking thus causing environmental and safety hazards.

4. Procedures. The variety of activities holding ground fuels and the multitude of storage systems ranging from bulk tanks to heating fuel tanks on family housing units make the publication of detailed procedures for all Navy activities impractical. Each command having ground fuels under its cognizance is required to implement procedures to assure the control and accountability of the fuel.

a. Enclosure (1) provides basic guidance for establishing controls on stocks of fuels held at most Navy activities. This

instruction is not applicable to Defense Logistics Agency stocks held at Navy activities. In response to Program Budget Decision (PBD) 735, Integrated Materiel Management for Fuel, Defense Energy Support Center (DESC) has begun to accept responsibility for ground fuel inventories that were previously under the responsibility of the Navy. These expanded responsibilities include management and accountability for ground fuel stored at naval activities until it is sold to an end user. Fuel that has been capitalized by DESC should follow Department of Defense (DoD) Manual 4140.25-M, DoD Management of Bulk Petroleum Products, Natural Gas and Coal of June 1994.

b. Special emphasis must be placed on fuel receipts delivered from a contractor on a direct delivery or automatic fill type contract. This type of contract is extremely common for replenishment of home heating oil tanks at family housing units.

(1) If all deliveries by the contractor take place within secure base boundaries, then it is sufficient to inspect and gauge the truck as it enters and leaves the base. The total quantity of fuel delivered to the various locations on base must equal the difference between the load when the truck entered and when it leaves.

(2) When a contractor is delivering fuel to various locations outside secure base boundaries, added controls are needed. The optimum procedure is to require a base representative to accompany the delivery. If commands do not have the resources to assign a person to accompany the delivery, then alternative methods must be developed to ensure that the contractor is delivering the invoice amount of fuel. As a minimum, these methods would include a system of random sampling by which responsible personnel would randomly gauge tanks to which the contractor has reported deliveries. Contractors operating under these conditions should be advised that their deliveries will be monitored and inspected.

(3) Commands receiving fuel under contracts issued by the Defense Logistics Agency should ensure that contractors comply with inspection clauses contained in those contracts.

OPNAVINST 4020.25B
22 October 2001

5. Action. Major claimants are responsible for implementing and monitoring compliance with this instruction. Activities storing or managing ground fuels will review and update, as necessary, existing local instructions to ensure proper controls are in place.

L. J. BIRD
Rear Admiral, SC, USN
Director, Supply, Ordnance and
Logistics Operations Division

Distribution:

SNDL Part 2	(Naval Shore Activities)
21A	(Fleet Commanders in Chief)
23A	(Naval Force Commanders)
24	(Type Commanders) (less 24J)
42A	(Fleet Air Commands)
42B	(Functional Wing Commanders)

RULES COMPRISING A BASIC INVENTORY SYSTEM

1. Paragraph 23087 of reference (a) provides detailed guidance on quality and quantity inspection procedures, inventory methods, and receipt and issue procedures. All activities holding Navy retail fuel stocks and operating under Commander, Naval Supply Systems Command procedures should refer to reference (a) for detailed instruction.

2. Receipts. Access to tanks must be controlled. Quality and quantity inspections must be made on all receipts prior to accepting fuel into a storage system. At a minimum, samples should be checked for water, sediment and to ensure that fuel is "clear and bright." When contractor deliveries do not conform to contract requirements, the receiving activity should contact the contract administrator and the Navy Petroleum Office.

a. The quantity of a fuel delivery should be validated prior to discharge. This is done by ensuring the vehicle is loaded to the proper fill mark and all seals (if applicable) are intact. Any water that may have accumulated in the truck should be drawn off prior to discharge of the fuel. The quantity of water should be annotated on the delivery ticket. In addition, the truck should be checked after discharge to ensure receipt of the invoiced quantity.

b. Truck meters are authorized for recording receipts. Meters must be checked for proper calibration semi-annually and recalibrated if necessary. Before and after gauging of the receiving tank is necessary to verify quantity.

c. The unit of measurement for all fuel receipts is the U.S. gallon at 60°F. Each receipt and issue greater than 3,500 gallons will be corrected for volume to 60°F using Tables 5B and 6B, ASTM D1250-80 (see notes (1) and (2)).

d. Discrepancies between the bill of lading and actual delivery amounts must be properly documented and brought to the attention of cognizant personnel.

3. Issues. Fuel will be issued by a designated station attendant or by mechanized systems such as a key-card system.

Only authorized personnel shall make fuel issues. The attendant must be present at each issue to record vehicle ID number, issue tank, amount issued, driver's signature, and attendant's name. Locally developed serialized forms are to be completed at time of issue. Documentation must be complete and verification of random issues is a required part of inventory management. Proper audit trails must be maintained. Special attention is necessary in cases of issues to other than end-use vehicles (i.e., portable containers or trucks used for multiple deliveries) to ensure that proper authorization is obtained. After-hours issues should also be strictly controlled and normally made on an emergency basis only. Dispensing activities must maintain control over the procedures and personnel using the facility. Locally developed serialized forms must be completed at time of issue and the opening inventory must be carefully compared to the previous day's closing inventory to verify after-hours issues.

4. Inventories. Active tanks (except family housing units will be gauged daily at the beginning and end of the normal workday. Daily gauges will also include water cuts (except for residual fuel oils) and temperatures. Gauges computed to net gallons less water cuts will be recorded on a daily work sheet in the format shown on Figure I.

Figure I:

1. OPENING GAUGE	_____
2. RECEIPTS	_____
3. TOTAL (1+2)	_____
4. ISSUES	_____
5. CLOSING BOOK INV. (3-4)	_____
6. CLOSING GAUGE	_____
7. (LOSS)/GAIN (5-6)	_____
8. % LOSS/GAIN (7÷3)	_____

Allowable loss percentage is .5 percent max for Motor Gas (MOGAS) and .25 percent for diesel fuel and fuel oils. Monthly total summaries exceeding the above allowance require survey action.

a. Inactive tanks should be checked and gauged at least weekly for structural integrity and for inventory maintenance. All meters must be recalibrated at least semi-annually and whenever frequent inventory discrepancies are noted.

b. All bulk storage tanks should be measured for capacity and should have certified strapping tables prepared for measurements accurate to one eighth of an inch.

NOTE (1): Tables ASTM D1250-80 5B and 6B can be ordered from:

American Petroleum Institute
Publications and Distribution Section
2101 L Street, N.W.
Washington, D.C. 20037

NOTE (2): Proper POL thermometer assemblies with cup cases for use in correcting bulk POL volumes to 60°F are available through normal supply channels under national stock number NSN-6685-00-247-3774. Refill thermometers (ASTM 59F) can be ordered by national stock number NSN-6685-00-247-3739.